

Township of Ross
Kalamazoo County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2008

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3 - 4
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statement of net assets	5
Statement of activities	6
Fund financial statements:	
Balance sheet - governmental funds	7
Statement of revenues, expenditures, and changes in fund balances - governmental funds	8 - 9
Statement of fiduciary net assets - agency funds	10
Notes to financial statements	11 - 17
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	18 - 19
Fire Fund	20
SUPPLEMENTARY INFORMATION	
Combining balance sheet - nonmajor governmental funds	21
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	22

INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Ross, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Ross, Michigan, as of March 31, 2008, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Ross, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Ross, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, on pages 18 through 20, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Township of Ross, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.



1958-2008

Board of Trustees
Township of Ross, Michigan
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Ross, Michigan's basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sigfried Crandall P.C.

July 1, 2008

BASIC FINANCIAL STATEMENTS

Township of Ross
STATEMENT OF NET ASSETS
March 31, 2008

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 1,263,061
Receivables, net	87,141
Prepaid expenses	<u>2,400</u>
Total current assets	<u>1,352,602</u>
Noncurrent assets:	
Receivables, net	173,966
Capital assets not being depreciated	15,653
Capital assets, net of accumulated depreciation	<u>618,262</u>
Total noncurrent assets	<u>807,881</u>
Total assets	<u>2,160,483</u>
LIABILITIES	
Current liabilities:	
Accounts payable	8,785
Contract payable	<u>17,397</u>
Total current liabilities	26,182
Noncurrent liabilities - contract payable	<u>173,966</u>
Total liabilities	<u>200,148</u>
NET ASSETS	
Invested in capital assets	633,915
Restricted:	
Public safety	337,029
Public works	32,983
Unrestricted	<u>956,408</u>
Total net assets	<u>\$ 1,960,335</u>

See notes to financial statements

Township of Ross
STATEMENT OF ACTIVITIES
Year ended March 31, 2008

		<u>Program Revenues</u>			<i>Net (expenses) revenues and changes in net assets</i>
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Governmental activities</u>
Functions/Programs					
Governmental activities:					
Legislative	\$ 11,115	\$ -	\$ -	\$ -	\$ (11,115)
General government	365,365	107,737	-	-	(257,628)
Public safety	308,706	50,502	6,080	6,506	(245,618)
Public works	58,952	9,720	5,427	67,852	24,047
Community and economic development	26,048	14,754	-	-	(11,294)
Culture and recreation	16,182	18,956	-	-	2,774
Debt service - interest	<u>12,004</u>	<u>9,004</u>	<u>-</u>	<u>-</u>	<u>(3,000)</u>
Total governmental activities	<u>\$ 798,372</u>	<u>\$ 210,673</u>	<u>\$ 11,507</u>	<u>\$ 74,358</u>	<u>(501,834)</u>
General revenues:					
Taxes					318,075
State grants					285,810
Investment income					46,187
Franchise fees					<u>83,938</u>
Total general revenues					<u>734,010</u>
Change in net assets					232,176
Net assets - beginning					<u>1,728,159</u>
Net assets - ending					<u>\$ 1,960,335</u>

See notes to financial statements

Township of Ross
BALANCE SHEET - governmental funds
March 31, 2008

	<u>General</u>	<u>Fire</u>	<u>Sewer Debt</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
ASSETS					
Cash	\$ 899,206	\$ 330,683	\$ 400	\$ 32,772	\$ 1,263,061
Receivables	<u>60,387</u>	<u>6,346</u>	<u>191,363</u>	<u>211</u>	<u>258,307</u>
Total assets	<u>\$ 959,593</u>	<u>\$ 337,029</u>	<u>\$ 191,763</u>	<u>\$ 32,983</u>	<u>\$ 1,521,368</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,585	\$ -	\$ 400	\$ -	\$ 5,985
Deferred revenue	<u>-</u>	<u>-</u>	<u>191,363</u>	<u>-</u>	<u>191,363</u>
Total liabilities	<u>5,585</u>	<u>-</u>	<u>191,763</u>	<u>-</u>	<u>197,348</u>
Fund balances:					
Unreserved, undesignated	954,008	337,029	-	-	1,291,037
Unreserved, reported in nonmajor - special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,983</u>	<u>32,983</u>
Total fund balances	<u>954,008</u>	<u>337,029</u>	<u>-</u>	<u>32,983</u>	<u>1,324,020</u>
Total liabilities and fund balances	<u>\$ 959,593</u>	<u>\$ 337,029</u>	<u>\$ 191,763</u>	<u>\$ 32,983</u>	<u>\$ 1,521,368</u>
Total fund balances - total governmental funds					\$ 1,324,020

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 633,915

Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds. 2,400

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 191,363

Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds. (191,363)

Net assets of *governmental activities* \$ 1,960,335

See notes to financial statements

Township of Ross**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds***Year ended March 31, 2008*

	<u>General</u>	<u>Fire</u>	<u>Sewer Debt</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
REVENUES					
Taxes	\$ 272,197	\$ 127,722	\$ -	\$ -	\$ 399,919
Licenses and permits	131,176	-	-	-	131,176
State grants	297,317	-	-	-	297,317
Charges for services	47,263	20	-	-	47,283
Fines and forfeitures	3,264	-	-	-	3,264
Interest and rentals	48,525	8,157	12,004	-	68,686
Other	80,172	6,506	17,397	9,720	113,795
Total revenues	<u>879,914</u>	<u>142,405</u>	<u>29,401</u>	<u>9,720</u>	<u>1,061,440</u>
EXPENDITURES					
Legislative	11,115	-	-	-	11,115
General government	350,201	-	-	-	350,201
Public safety	171,642	89,989	-	-	261,631
Public works	119,742	-	-	20,643	140,385
Community and economic development	26,048	-	-	-	26,048
Culture and recreation	9,835	-	-	-	9,835
Capital outlay	20,991	8,488	-	-	29,479
Debt service:					
Principal	-	-	17,397	-	17,397
Interest	-	-	12,004	-	12,004
Total expenditures	<u>709,574</u>	<u>98,477</u>	<u>29,401</u>	<u>20,643</u>	<u>858,095</u>
NET CHANGE IN FUND BALANCE	170,340	43,928	-	(10,923)	203,345
FUND BALANCES - BEGINNING	<u>783,668</u>	<u>293,101</u>	<u>-</u>	<u>43,906</u>	<u>1,120,675</u>
FUND BALANCES - ENDING	<u>\$ 954,008</u>	<u>\$ 337,029</u>	<u>\$ -</u>	<u>\$ 32,983</u>	<u>\$ 1,324,020</u>

See notes to financial statements

Township of Ross

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - *governmental funds* (Continued)**

Year ended March 31, 2008

Net change in fund balances - total governmental funds	\$ 203,345
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Amounts reported for *governmental activities* in the statement of activities
(page 6) are different because:

Capital assets:

Additions	98,962
Depreciation	(55,727)

Long-term debt - retirements	17,397
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Other asset/liabilities:

Net decrease in prepaid expenses	(909)
Net decrease in accrued interest revenue	(13,495)
Net decrease in deferred revenue	<u>(17,397)</u>

Change in net assets of <i>governmental activities</i>	<u>\$ 232,176</u>
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Township of Ross

STATEMENT OF FIDUCIARY NET ASSETS - *agency funds*

March 31, 2008

ASSETS

Cash	\$ <u>1,948</u>
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LIABILITIES

Due to other governmental units	\$ <u>1,948</u>
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See notes to financial statements

Township of Ross
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Ross, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Township of Ross
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the government.

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund accounts for the financial resources used for the operational costs of the Township public safety functions. Revenues are primarily derived from property taxes.

The Sewer Debt Fund accounts for the issuance and payment of debt related to sewer improvements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

The Township reports a single fiduciary fund, its Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted as they are needed.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) Receivables - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

Township of Ross
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity (continued):

iii) Prepaid items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

iv) Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,500 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	3 - 5 years
Vehicles	10 - 15 years
Roads	40 years

v) Deferred revenue - In the fund financial statements, governmental funds report deferred revenue in connection with resources for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

vi) Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vii) Property tax revenue recognition - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

Township of Ross
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued):

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public safety	\$ 165,500	\$ 171,642	\$ (6,142)
	Public works	68,400	119,742	(51,342)
	Capital outlay	16,550	20,991	(4,441)
Other governmental	Public works	8,680	10,080	(1,400)
	Public works	-	10,563	(10,563)

NOTE 3 - CASH:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Totals</u>
Cash	<u>\$ 1,263,061</u>	<u>\$ 1,948</u>	<u>\$ 1,265,009</u>

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2008, \$1,144,557 of the Township's bank balances of \$1,281,155 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

Township of Ross
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES:

Receivables as of year end for the Township's individual major and nonmajor funds, in the aggregate, are as follows:

<u>Fund</u>	<u>Property taxes</u>	<u>Accounts</u>	<u>Special assess-ments</u>	<u>Inter-govern-mental</u>	<u>Totals</u>
General	\$ 12,512	\$ 2,965	\$ -	\$ 44,910	\$ 60,387
Fire	6,346	-	-	-	6,346
Sewer Debt	-	-	191,363	-	191,363
Nonmajor funds	-	-	211	-	211
Totals	<u>\$ 18,858</u>	<u>\$ 2,965</u>	<u>\$ 191,574</u>	<u>\$ 44,910</u>	<u>\$ 258,307</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,966</u>	<u>\$ -</u>	<u>\$ 173,966</u>

All receivables are considered fully collectible.

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2008, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	<u>\$ 15,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,653</u>
Capital assets being depreciated:				
Buildings and improvements	301,312	-	-	301,312
Equipment	377,021	-	-	377,021
Vehicles	634,761	15,398	(4,036)	646,123
Roads	<u>57,367</u>	<u>83,564</u>	<u>-</u>	<u>140,931</u>
Subtotal	<u>1,370,461</u>	<u>98,962</u>	<u>(4,036)</u>	<u>1,465,387</u>
Less accumulated depreciation for:				
Buildings and improvements	(191,802)	(9,972)	-	(201,774)
Equipment	(248,726)	(17,851)	-	(266,577)
Vehicles	(351,791)	(25,773)	4,036	(373,528)
Roads	<u>(3,115)</u>	<u>(2,131)</u>	<u>-</u>	<u>(5,246)</u>
Subtotal	<u>(795,434)</u>	<u>(55,727)</u>	<u>4,036</u>	<u>(847,125)</u>
Total capital assets being depreciated, net	<u>575,027</u>	<u>43,235</u>	<u>-</u>	<u>618,262</u>
Governmental activities capital assets, net	<u>\$ 590,680</u>	<u>\$ 43,235</u>	<u>\$ -</u>	<u>\$ 633,915</u>

Township of Ross
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 8,782
Public safety	38,588
Public works	2,131
Culture and recreation	<u>6,226</u>
Total governmental activities	<u>\$ 55,727</u>

NOTE 6 - DEFERRED REVENUE:

As of March 31, 2008, deferred revenues are as comprised of special assessments not considered to be available to match current expenditures.

NOTE 7 - LONG-TERM LIABILITIES:

Long-term debt at March 31, 2008, is comprised of the following individual issues:

<i>Contracts payable:</i>	
\$368,400 contracts payable, due to Gull Lake Sewer and Water Authority, payable in various annual installments, plus interest at 5.75%; final payment due May 2020	<u>\$191,363</u>

Long-term liability activity for the year ended March 31, 2008, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Contracts payable	<u>\$ 208,760</u>	<u>\$ -</u>	<u>\$ (17,397)</u>	<u>\$ 191,363</u>	<u>\$ 17,397</u>

Debt service requirements at March 31, 2008, were as follows:

<u>Year ended March 31:</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 17,397	\$ 11,035
2010	17,397	10,003
2011	17,397	9,003
2012	17,397	8,002
2013	17,397	7,002
2013 - 2017	86,985	20,007
2018 - 2020	<u>17,393</u>	<u>1,000</u>
Totals	<u>\$ 191,363</u>	<u>\$ 66,052</u>

Township of Ross
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - PENSION PLAN:

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Michigan State Statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. Employees are eligible to participate on the first day of the month coincident with, or immediately following, their date of employment. The Township contributes 10% of the participating employee's annual compensation to the plan. The Township's contributions are fully vested from the first day of the plan. The Township made the required contribution of \$15,481 for the year ended March 31, 2008.

The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

NOTE 9 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 10 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended March 31, 2008, is as follows:

Revenues	\$ 47,238
Expenses	<u>(47,925)</u>
Deficiency of revenues over expenses	<u>\$ (687)</u>

REQUIRED SUPPLEMENTARY INFORMATION

Township of Ross
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 266,030	\$ 266,030	\$ 272,197	\$ 6,167
Licenses and permits	65,000	65,000	131,176	66,176
State grants	304,000	304,000	297,317	(6,683)
Charges for services	23,700	23,700	47,263	23,563
Fines and forfeitures	4,000	4,000	3,264	(736)
Interest	6,500	6,500	48,525	42,025
Other	14,660	14,660	80,172	65,512
Total revenues	<u>683,890</u>	<u>683,890</u>	<u>879,914</u>	<u>196,024</u>
EXPENDITURES				
Legislative	<u>31,800</u>	<u>31,800</u>	<u>11,115</u>	<u>20,685</u>
General government:				
Supervisor	41,650	41,650	41,002	648
Election	3,600	3,600	2,148	1,452
Assessor	23,200	23,200	23,946	(746)
Clerk	41,300	41,300	42,203	(903)
Board of Review	1,700	1,700	1,100	600
Treasurer	45,400	45,400	45,054	346
Hall and grounds	87,700	87,700	75,819	11,881
Cemetery	3,300	3,300	3,918	(618)
Other	145,040	145,040	115,011	30,029
Total general government	<u>392,890</u>	<u>392,890</u>	<u>350,201</u>	<u>42,689</u>
Public safety:				
Police	125,300	125,300	123,717	1,583
Building inspections	40,200	40,200	47,925	(7,725)
Total public safety	<u>165,500</u>	<u>165,500</u>	<u>171,642</u>	<u>(6,142)</u>
Public works:				
Highways and streets	65,000	65,000	117,170	(52,170)
Street lights	3,400	3,400	2,572	828
Total public works	<u>68,400</u>	<u>68,400</u>	<u>119,742</u>	<u>(51,342)</u>

Township of Ross**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)***Year ended March 31, 2008*

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Community and economic development - planning and zoning	<u>\$ 24,140</u>	<u>\$ 24,140</u>	<u>\$ 26,048</u>	<u>\$ (1,908)</u>
Culture and recreation - parks and recreation	<u>10,350</u>	<u>10,350</u>	<u>9,835</u>	<u>515</u>
Capital outlay	<u>16,550</u>	<u>16,550</u>	<u>20,991</u>	<u>(4,441)</u>
Total expenditures	<u>709,630</u>	<u>709,630</u>	<u>709,574</u>	<u>56</u>
NET CHANGE IN FUND BALANCES	<u>(25,740)</u>	<u>(25,740)</u>	<u>170,340</u>	<u>196,080</u>
FUND BALANCES - BEGINNING	<u>783,668</u>	<u>783,668</u>	<u>783,668</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 757,928</u>	<u>\$ 757,928</u>	<u>\$ 954,008</u>	<u>\$ 196,080</u>

Township of Ross
BUDGETARY COMPARISON SCHEDULE - Fire Fund
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 120,000	\$ 120,000	\$ 127,722	\$ 7,722
Charges for services	-	-	20	20
Interest	-	-	8,157	8,157
Other	-	-	6,506	6,506
	<u>120,000</u>	<u>120,000</u>	<u>142,405</u>	<u>22,405</u>
Total revenues				
EXPENDITURES				
Public safety	111,500	111,500	89,989	21,511
Capital outlay	8,500	8,500	8,488	12
	<u>120,000</u>	<u>120,000</u>	<u>98,477</u>	<u>21,523</u>
Total expenditures				
NET CHANGE IN FUND BALANCES	-	-	43,928	43,928
FUND BALANCES - BEGINNING	<u>293,101</u>	<u>293,101</u>	<u>293,101</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 293,101</u>	<u>\$ 293,101</u>	<u>\$ 337,029</u>	<u>\$ 43,928</u>

SUPPLEMENTARY INFORMATION

Township of Ross
COMBINING BALANCE SHEET - nonmajor governmental funds
March 31, 2008

	<u>Special revenue funds</u>		<u>Totals</u>
	<u>Street Lighting</u>	<u>Sherman Lake Weed</u>	
ASSETS			
Cash	\$ 25,023	\$ 7,749	\$ 32,772
Receivables	<u>211</u>	<u>-</u>	<u>211</u>
Total assets	<u>\$ 25,234</u>	<u>\$ 7,749</u>	<u>\$ 32,983</u>
FUND BALANCES			
Unreserved, undesignated	<u>\$ 25,234</u>	<u>\$ 7,749</u>	<u>\$ 32,983</u>

Township of Ross

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - *nonmajor governmental funds***

Year ended March 31, 2008

	<u>Special revenue funds</u>		
	<u>Street Lighting</u>	<u>Sherman Lake Weed</u>	<u>Totals</u>
REVENUES			
Other - special assessments	\$ 9,720	\$ -	\$ 9,720
EXPENDITURES			
Public works	<u>10,080</u>	<u>10,563</u>	<u>20,643</u>
NET CHANGE IN FUND BALANCES	(360)	(10,563)	(10,923)
FUND BALANCES - BEGINNING	<u>25,594</u>	<u>18,312</u>	<u>43,906</u>
FUND BALANCES - ENDING	<u>\$ 25,234</u>	<u>\$ 7,749</u>	<u>\$ 32,983</u>

July 1, 2008

To the Board of Trustees
Township of Ross

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Ross for the year ended March 31, 2008, and have issued our report thereon dated July 1, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 3, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Township of Ross are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by Township of Ross during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset depreciation.

Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Township's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.



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The disclosures in the financial statements are neutral, consistent, and clear.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter associated with the audits for the year ended March 31, 2008.

Other Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Ross's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the Township of Ross as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Ross's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The Township has not implemented a system of controls to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to achieve the objectives of recording revenue and expense accruals, the capitalization and depreciation of capital assets, and the presentation of financial statement disclosures. This is a recurring comment. The Township has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.

This communication is intended solely for the information and use of the Board of Trustees of the Township of Ross and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Sigfried Crandall P.C.